

Message Text

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PAGE 01 STATE 051018

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TO USMISSION EC BRUSSELS

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FOLLOWING REPEAT STATE 51018 ACTION KUWAIT INFO

ALGIERS QUITO JAKARTA TEHRAN TRIPOLI LAGOS DOHA JIDDA ABU

DHABI CARACAS LONDON PARIS BONN BERN TOKYO ROME LUXEMBOURG

OECD PARIS BEIRUT VIENNA DTD 06 MAR

QTE

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E.O. 11652:N/A

TAGS:EFIN, EINV, KU, US

SUBJECT: OPEC INVESTMENTS IN THE U.S.

REF: KUWAIT 802

1. REFTTEL (NOT SENT TO ALL ADDRESSES) RAISES QUESTION OF WHETHER GOK IS BEING KEPT SUFFICIENTLY INFORMED ON A TIMELY BASIS BY INSTITUTIONS HANDLING GOK PORTFOLIO INVESTMENTS IN SHARES OF INDIVIDUAL U.S. FIRMS SO THAT IT CAN COMPLY WITH REPORTING REQUIREMENTS OF SEC. WE NOTE THIS AS POTENTIAL PROBLEM AND WE DO NOT, REPEAT, NOT HAVE ANY INFORMATION INDICATING ANY FAILURE TO MEET REPORTING REQUIREMENTS AT THIS TIME.

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PAGE 02 STATE 051018

2. ANY INVESTOR , DOMESTIC OR FOREIGN, THAT ACQUIRES,

BENEFICIAL OWNERSHIP EITHER DIRECTLY OR INDIRECTLY, OF MORE THAN FIVE PERCENT OF ANY CLASS OF EQUITY SECURITIES OF MOST LARGE U.S. CORPORATIONS IS REQUIRED TO FILE CERTAIN INFORMATION WITH THE SEC WITHIN 10 DAYS OF THE TRANSACTION. FURTHER DISCLOSURE REQUIREMENTS APPLY TO ANY INVESTORS OWNING BENEFICIALLY MORE THAN 10 PERCENT OF ANY CLASS OF EQUITY SECURITIES OF A PUBLIC COMPANY. BOTH OF THESE PERCENTAGE OWNERSHIP LEVELS APPLY IRRESPECTIVE OF THE NUMBER OF NOMINEES USED BY THE BENEFICIAL OWNER. ACTUAL REQUIREMENTS AND THEIR APPLICATION OF COURSE ARE MORE COMPLEX. INVESTORS SUCH AS GOK CAN TURN IF NECESSARY TO THEIR PRIVATE COUNSEL,

INVESTMENT ADVISERS, OR SEC FOR SPECIFIC ADVICE ON SUCH MATTERS.

3. THE INSTITUTIONS HANDLING GOK PORTFOLIO INVESTMENTS SHOULD BE WELL AWARE OF SEC REPORTING REQUIREMENTS AND WE WOULD EXPECT THEY WOULD INFORM GOK PROMPTLY WHEN PURCHASES OF SHARES IN AN INDIVIDUAL COMPANY BY THAT INSTITUTION FOR ACCOUNT OF GOK REACHED 5 AND 10 PERCENT LEVELS. THUS, IF THE GOK USED ONLY ONE FOREIGN INSTITUTION TO MAKE ITS INVESTMENTS IN EQUITIES OF US COMPANIES, GOK PRESUMABLY WOULD REMAIN ADEQUATELY INFORMED TO FULFILL SEC REPORTING REQUIREMENTS.

4. OUR QUESTIONS ARISE FROM THE PROBABILITY THAT GOK IS USING OR WILL USE MORE THAN ONE INSTITUTION TO INVEST IN US EQUITIES. THESE INSTITUTIONS MAY NOT BE AWARE OF THE PURCHASES FOR GOK BY OTHERS. ACCORDINGLY THERE IS POSSIBILITY THAT GOK OWNERSHIP MAY AGGREGATE MORE THAN 5 OR 10 PERCENT WITHOUT GOK COMPLYING WITH SEC REQUIREMENTS. WE WOULD THINK THE GOK SHOULD HAVE ALL INSTITUTIONS THAT ARE HANDLING GOK INVESTMENTS IN THE US KEEP THE GOK UP TO DATE ON INVESTMENTS IN INDIVIDUAL US FIRMS.

5. WE SUGGEST THE EMBASSY INFORMALLY PASS ON THESE THOUGHTS TO DIRECTOR OF INVESTMENTS KHALED ABU SU'UD AND/OR ANY OTHER APPROPRIATE GOK OFFICIAL. POST SHOULD EMPHASIZE THESE SUGGESTIONS MADE BECAUSE WE KNOW GOK WILL WANT TO AVOID POSSIBLE EMBARRASSMENT OF INADVERTENTLY VIOLATING LEGAL LIMITED OFFICIAL USE

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PAGE 03 STATE 051018

SEC REPORTING REQUIREMENTS. THIS SHOULD BE DONE IN A POSITIVE WAY SO AS NOT TO LEAVE IMPRESSION US POLICY BECOMING BASICALLY MORE RESTRICTIVE TO FOREIGN INVESTMENTS. FYI USG HAS JUST COMPLETED REVIEW OF POLICY TOWARD INWARD INVESTMENT. UNDER SECRETARY OF STATE ROBINSON, UNDER SECRETARY OF TREASURY BENNETT, ASSISTANT SECRETARY OF COMMERCE PATE, SEC COMMISSIONER GARRETT, AND CIEP ASSISTANT DIRECTOR NIEHUSS TESTIFIED MARCH 4-5 BEFORE SENATOR HAR-

RISON WILLIAMS' SUB-COMMITTEE ON THE ADMINISTRATION'S
POSITION ON FOREIGN INVESTMENT IN THE UNITED STATES.
ASSISTANT SECRETARY PARSKY IS APPEARING BEFORE SENATOR
CHURCH'S SUB-COMMITTEE ON MARCH 10. THE TEXT OF THESE
STATEMENTS WILL BE SENT TO ALL ADDRESSEE POSTS AND
GUIDANCE RE THEIR USE IN DISCUSSIONS WITH INVESTING GOVERN-
MENTS WILL FOLLOW AS SOON AS POSSIBLE. END FYI.

6. APPRECIATION OF USG SHOULD BE EXPRESSED TO ABU SU'UD
FOR HIS FORTHCOMING DISCUSSION OF GOK INVESTMENTS. IN
PREVIOUS DISCUSSIONS WITH ABU SU'UD AND OTHER OFFICIALS IN
KUWAIT, PARSKY STRESSED THE NEED FOR CONTINUAL DIALOGUE
ON INVESTMENT POLICY. INGERSOLL UNQTE INGERSOLL

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